

ORIGINAL

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U.S. BANKRUPTCY COURT
NORTHERN DIST. OF CA.
OAKLAND, CA.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Movant,

v.

EDWARD SEWON EHEE, COMPASS FUND
MANAGEMENT, LLC, and COMPASS WEST
FUND LP,

Debtors

Case No.

DECLARATION OF XAVIER CARLOS
VASQUEZ IN SUPPORT OF SECURITIES
AND EXCHANGE COMMISSION'S
MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF MOTION
TO WITHDRAW THE REFERENCE OF
THE BANKRUPTCY CASES OF EDWARD
SEWON EHEE, COMPASS FUND
MANAGEMENT, LLC AND COMPASS
WEST FUND, L.P.

28 U.S.C. § 157(d)
Local Rule 5011-2

Hearing Date: TBD

In re

EDWARD SEWON EHEE,

Debtor

Case No. 07-40126T

(Involuntary Chapter 7)

In re

COMPASS FUND MANAGEMENT, LLC,

Debtor

Case No. 07-40129

(Involuntary Chapter 7)

In re

COMPASS WEST FUND, L.P.,

Debtor

Case No. 07-40130

(Involuntary Chapter 7)

I, XAVIER CARLOS VASQUEZ, DECLARE:

1. I am an attorney duly admitted to practice in the State of California, and a staff attorney in the San Francisco District Office of the Securities and Exchange Commission ("Commission").

2. On November 8, 2006, the Commission filed an action against Edward Sewon Ehee ("Ehee"), Compass Fund Management, LLC ("Compass Management"), and Compass West Fund LP ("Compass West") (collectively, the "Ehee Defendants"), among others, alleging violations of the federal securities laws. *SEC v. Viper Capital Management, LLC, et al.*, Case No. C 06-6966 SI (N.D. Cal.) (the "SEC Action"). At that time, Judge Illston granted the Commission's motion for a temporary restraining order, enjoined the Ehee Defendants from further securities law violations, and froze the Ehee Defendants' assets. I am one of the attorneys with primary responsibility for the Commission's litigation in this matter.


3. According to publicly available court records, on November 22, 2006, one of Ehee's investors, AAG Roosevelt Fund, L.P. ("AAG"), filed a complaint against Ehee and his management companies alleging violations of the federal securities laws and other state law claims. *AAG Roosevelt Fund, L.P. v. Edward Sewon Ehee, et al.*, Case No. C-06-7270 SI (N.D. Cal.) (the "AAG Action"). Both the SEC Action and the AAG Action are now before Judge Illston.

4. According to publicly available court records, on January 12, 2007, over two months after the Commission filed its action, AAG filed Chapter 7 involuntary petitions against Ehee, Compass Management and Compass Fund. *See In the Matter of Edward Sewon Ehee*, Case No. 07-40126T (N.D. Cal.); *In the Matter of Compass Fund Management, LLC*, Case No. 07-40129 (N.D. Cal.); *In the Matter of Compass West Fund, L.P.*, Case No. 07-40130 (N.D. Cal.). Counsel for AAG in that matter is Richard Pedone from the Boston office of Nixon Peabody LLP.

1 5. Between mid-March 2007 and mid-April 2007, I have had a number of telephone
2 conferences with Mr. Pedone concerning the SEC action and the involuntary bankruptcy actions filed
3 by AAG against Ehee, Compass Management and Compass West. During the course of those
4 conversations, Mr. Pedone indicated that he believed the SEC Action was stayed by the filing of the
5 bankruptcy actions and that Ehee's house was within the exclusive jurisdiction of the bankruptcy
6 court. Mr. Pedone also asserted that a court-ordered settlement conference in the SEC action was
7 stayed by the filing of the bankruptcy actions.

8 6. Mr. Pedone further indicated to me that he intended to seek the appointment of a
9 bankruptcy trustee in the bankruptcy actions and was considering asking that trustee to investigate
10 potential claims against other investors of the Ehee Defendants to determine whether investment
11 funds returned to those investors could be returned to the bankruptcy estates under a "fraudulent
12 conveyance" theory. Although I asked Mr. Pedone for evidence to support a theory that such
13 investors accepted funds from the Ehee Defendants in bad faith, he was unable to provide such
14 evidence.

15 Executed this 30th day of April, 2007, in San Francisco, California.

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17 
18 Xavier Carlos Vasquez